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SUBJECT: WILL MODI BE INDIA'S PRIME MINISTER? VIEWS FROM WESTERN INDIA

MUMBAI 00000152 001.2 OF 005

¶1. (SBU) Summary: Since his elevation to Gujarat's Chief Minister in 2001, Narendra Modi has become one of India's most popular -- and polarizing -- political figures. He is both admired for his commitment to economic growth and development in his state, and despised for his role in the 2002 riots in Gujarat when his state was convulsed by anti-Muslim riots. Focusing on his strengths, his supporters in Western India see his impressive political career culminating as Prime Minister in a Bharatiya Janata Party-led government. However, many political observers and opponents identify a number of challenges he will face in attaining this position in modern India, including his governing style, his status as a state, rather than national leader, his unpalatability to a number of potential coalition allies, and the tarnish of the 2002 riots as the main obstacles. End Summary.

¶2. (SBU) Narendra Modi began his political career in Gujarat as "pracharak" in the Rashtriya Swayamsevak Sangh (RSS), a Hindu nationalist organization. (Note: A pracharak is a core full-time RSS worker, roughly translated as "canvasser;" these workers take vows of chastity and asceticism. End Note.) After joining the Bharatiya Janata Party (BJP) in 1987, Modi came to prominence within the party in 1991 by organizing L.K. Advani's Yath Ratra, a 2000 km trek from Somnath, the home to a famous Hindu temple in Gujarat to Ayodhya in Uttar Pradesh, the site of a major Hindu-Muslim disputed religious site. This political pilgrimage marked the arrival of the BJP as a national party, and generated support and publicity for one of its key issues, the demolition of the Babri Masjid in Ayodhya. (Note: In 1991, Modi also organized another "yatra," from the southern tip of India to Srinagar, where Advani raised the India flag in militancy-torn Kashmir. End note.) His fortunes buoyed by this success, Modi served as party secretary from 1995, and was then installed as Chief Minister in Gujarat after the government of Keshubhai Patel collapsed in 2001 due to infighting. Modi and the BJP have since been re-elected twice in Gujarat, in 2002 and 2007, with comfortable majorities.

¶3. (SBU) Commentators and analysts frequently raise the issue

of whether Modi would ultimately become India's Prime Minister. After L.K. Advani, Modi probably has the greatest national name recognition of any active BJP leader. By Indian political standards, at 57, he is considered young and healthy. He enjoys widespread support and dominance in Gujarat, as well as the support of the business community in Mumbai and elsewhere in India. Though Modi has never spoken publicly about his national political aspirations - and, in fact, has denied them -- most observers agree that he ultimately has his eye on one of India's top jobs, either as the national leader of the BJP or as India's Prime Minister.

14. (SBU) The most far-reaching scenario, put forward by Modi's boosters in Gujarat and Mumbai, projects that the BJP will come to power in the 2009 national elections under the leadership of L.K. Advani as Prime Minister, either as the majority party or the leader of a secure coalition. According to this scenario, Advani would serve as PM for a few years, after which he would turn over the top job to Modi. Some senior BJP leaders have also indicated that Modi could become Home Minister in the next BJP-led government (see reftel). Modi was one of the BJP's star campaigners in the 2008 state elections in Karnataka, Madhya Pradesh, and Chhattisgarh, and has been appointed campaign manager in the 2009 Lok Sabha elections for Maharashtra, Gujarat and Goa. Despite an increasingly high profile in the rest of India, Modi told Congenoffs that he plans to remain Chief Minister in Gujarat until at least 2010 to preside over the state's 60th anniversary celebrations. Many political observers and BJP members tell Congenoffs that he wants to complete his full term as CM, which ends in 2012. Uday Madhukar, the pro-Modi India Today correspondent in Gujarat, said that Modi hopes to move to the center in the next elections, which would theoretically take place in 2014. Delhi BJP watchers speculate that he will become Home Minister if the BJP comes to power in 2009 and Prime Minister in 2011 with Advani stepping aside to

MUMBAI 00000152 002.2 OF 005

become the "elder statesman." Meanwhile, so the speculation goes, Modi could continue to run Gujarat from Delhi through proxies.

Modi's Pro-Development "Brand" Finds Devotees

15. (SBU) Business leaders in western India generally concur that Modi has introduced good governance, ensured relatively low corruption, and created a pro-business environment that has undergirded Gujarat's strong economic performance over the past seven years. In January, at a Gujarat investment conference, a number of India's most senior industrialists were unusually and emphatically vocal in touting Modi's achievements and suitability to become Prime Minister. These sentiments are objectively true, in that Gujarat's infrastructure, governmental accountability and efficiency, and responsiveness to business concern is considerably better than most other states, especially its economic rival in western India, Maharashtra. His dominance in the state minimizes political distractions which help him focus on his goals. Business leaders hope that Modi's commitment to these principles can be extended to the wider Indian environment, where state and federal governance is consistently poorer than in Gujarat.

16. (SBU) In a recent meeting, Baba Kalyani, the Chairman & Managing Director of Bharat Forge, told Congenoffs that Modi is the "best" candidate to lead the federal government and is the "best for India." He noted that Modi quickly realized that "the best way to maintain power is to improve the life of the people and not make empty promises." So, he electrified the villages and ensured adequate drinking water for all residents in Gujarat. Kalyani stated that when Bharat Forge went to set up a plant in Gujarat, Modi asked to be notified if any official asked for a bribe. In addition, Modi asked Kalyani to help the schools in the area where the plant would operate. However, Kalyani did not believe that Modi would go to Delhi for at least 5 years, as he wanted to complete his work in Gujarat first, and wanted to let Advani have a chance to become PM. An executive

of the Adani Group, a major Gujarat-based business group, argued that Modi's appeal in the state has much to do with the character of Gujaratis, who are famed for their pro-business, entrepreneurial and pragmatic ways. Modi has provided a good business environment, limited corruption, and introduced efficiencies that has pleased the state's enterprising citizens, he said.

17. (SBU) In explaining Modi's image, sociologist and long-time observer of Modi Achyut Yagnaik says that Modi is the best "brand manager" India has seen. He excels in creating and projecting his image as a pro-development, pro-business leader in a way no one else has been able to do, Yagnaik added. Long-time Gujarat observers point out, however, this competitive edge was not initiated by Modi; the migration of Maharashtra's industrial base to Gujarat began as soon as the two separate states were created in 1960. Gujarat's attractiveness accelerated in the 1980s, as subsequent Congress, then BJP, state government deliberately targeted Mumbai's industrialists, and coaxed many to leave Maharashtra for Gujarat with pro-business policies. Modi also has his detractors: smaller businessmen resent his preference for big projects and the industrialists who build them; development workers and opponents also take great pains to point out where development projects have not lived up to Modi's claims. On a recent trip to Ahmedabad, several journalists told Congenoff that Modi has become increasingly vindictive against citizens and journalists who question his claims, prompting self-censorship.

Modi's Challenges: Five Main Hurdles

18. (SBU) Despite Modi's real, and continuing, strengths, observers, supporters, and critics have noted five main obstacles to Modi's rise to, and governing at, the center.

MUMBAI 00000152 003.2 OF 005

First, many have expressed concern that Modi's strong, confident - some say autocratic -- governing style will not mix well with other parties and personalities at the center, dulling his effectiveness. Should the BJP-led National Democratic Alliance (NDA) come to power, the dynamics of coalition politics will require a more conciliatory and consensual style, which Modi has so far not demonstrated. Observers, including a number of senior executives in Mumbai, also pointed out that it would be difficult to transition from running his home state with a comfortable majority in the state assembly to a potentially large, unwieldy - and unruly - coalition where implementing his vision through India's vast and disparate bureaucracy would be a significant challenge for any Indian leader. In other words, the skills, style and political environment that contributed to such success in Gujarat may not translate automatically into success at the center.

19. (SBU) Second, Modi's dominance in Gujarat is both a strength and a weakness for the BJP. Yagnaik points out that the BJP has struggled to nurture new leaders in the state who can emerge from under Modi's long shadow. Many of those who were appointed ministers in the first Modi government are now disaffected from him and the party, or have been tarnished by the 2002 riots. Modi replaced many of his ministers in the 2007 elections to eliminate those who were perceived as corrupt or underperforming. He has no known close political confidants, and has groomed no successors. Although the BJP is currently better-organized and more cohesive than the state Congress party, were Modi to leave Gujarat for national politics, the BJP risks a political free-for-all among the dozens of minor politicians. With Gujarat as its "jewel in the crown," the BJP leadership may not want Modi to leave the state in such a condition, and may delay a potential move to the center. However, Ramesh Purohit, the Government of Gujarat's representative in Mumbai for 30 years, said moving to the center would not be a problem, as Modi believes that he can control a "puppet" CM by "remote control" from Delhi.

110. (SBU) Third, the BJP itself is subject to intense rivalry at

the second tier level, where Modi sits. While Modi is a favorite of Advani and chief strategist Arun Jaitley, it is widely believed that he does not get along with other second tier members such as Sushma Swaraj, current president Rajnath Singh, past president Venkayyah Naidu, and the BJP chief ministers of Madhya Pradesh and Chhattisgarh who feel unfairly eclipsed by Modi's larger-than-life image. As an insurance executive with close ties to politicians at the center told Congenoff that while has support in Gujarat, that Karnataka, and Maharashtra, "His friends are his enemies;" he is disliked by senior BJP leaders who will want to undermine him. Modi is also at odds with the powerful state wing of the Vishwa Hindu Parishad (VHP), an umbrella organization for right-wing Hindu organizations affiliated with the BJP and the RSS. Once their darling, Modi's dilution of the Hindutva agenda - publicly, at least - and his imperious treatment of the Gujarat-based, national VHP leader Pravin Togadia, has disillusioned and angered VHP leadership, who were unenthusiastic about his re-election. While most BJP leaders have publicly distanced themselves from extreme Hindu groups and ideologies over the past decade, Modi's drift to the center is a huge blow to the VHP, who counted on Modi to aggressively continue their agenda.

Can A State Leader Rise to the Top?

¶11. (SBU) Fourth, while he has India-wide name recognition, he is largely seen as a state-level, rather than a national-level, leader. His political affiliation with the BJP notwithstanding, he needs to overcome his reputation as a regional leader - much like Chandrababu Naidu in Andhra Pradesh or Karunanidhi and Jayalalitha in Tamil Nadu - to be a serious candidate at the national level. The senior editor of Maharashtra's largest newspaper, Kumar Ketkar, told Congenoffs that other state leaders may resist Modi's elevation to the top job as they will

MUMBAI 00000152 004.2 OF 005

seek the top job for themselves as significant regional leaders in the own right. However, he has recently extended his political presence elsewhere in India, campaigning for the BJP in the Karnataka elections in 2008, and appearing at major rallies in Mumbai. He has become a key campaigner for the BJP and draws major crowds wherever he tours, unlike other regional leaders.

Can He Shed the Legacy of the 2002 Riots?

¶12. (SBU) The fifth - and most significant - hurdle is his image as pro-Hindutva, anti-Muslim partisan, especially for his controversial role as Chief Minister during the anti-Muslim riots in Gujarat in 2002 during which over a thousand people were murdered, a majority of them Muslims. In recent years, Modi has tried to distance himself from this legacy; his restrained response to the Ahmedabad bombings - calling for calm and pursuing a police investigation -- surprised many observers and showed political maturity. Nevertheless, until very recently, he and the state judiciary have stymied the progress of murder and riot cases in Gujarat; for example, police stations have refused to take complaints from riot victims against Modi for failing to stop the carnage, which is now being challenged in the Supreme Court. In the last year, as the result of a Supreme Court order, several cases were transferred out of the state and resulted in the convictions of some perpetrators. (Note: In discussing the riots and culpability, BJP activists routinely focus on the loss of Hindu life in the riots, and point to the Congress Party's complicity in the killings of Sikhs in New Delhi and north India after Indira Gandhi's assassination in 1984, for which no one has been brought to justice either. End Note.)

¶13. (SBU) Inside Gujarat and in Mumbai, business leaders are consistently Modi's biggest supporters. While a few acknowledge that the riots should not have happened and could have been prevented, most dismiss the riots as an unfortunate incident that should be forgotten, especially as Modi has prevented any

further eruptions of communal violence in the state. This, they argue, shows that he has "learned his lesson" from the riots, and won't allow it to happen again. In a conversation with Congenoff, Sanjay Lalbhai, owner of the Ahmedabad-based Arvind Mills, one of India's largest textile companies, expressed unhappiness with the events of 2002, and believed that the police were "part and party" to the violence. Lalbhai predicted that Modi won't let anti-Muslim communal riots happen again because he wants to be PM. He gained political mileage from the violence in 2002, and recognized that there was now no more to gain. Modi can't expect to be PM with this issue unresolved, Lalbhai said.

¶14. (SBU) In a recent roundtable hosted by the Consul General, several members of Mumbai's business community who are conscious of India's international image believe that India would not be well-served by a Modi PM, despite his well-earned reputation for good governance in Gujarat. They said that his role in the Gujarat riots has not been forgotten overseas, and worried that many countries in Europe and the U.S. may restrict their dealings with him until some amends have been made for that state's tragedy. They agreed that these concerns may not be enough to curtail moves to make Modi PM - especially not from the BJP - but it could make business leaders have second thoughts about extending their unreserved support for him, and for the BJP with him as their PM candidate, unless these controversies are, in some way, put behind him.

¶15. (SBU) The chief policy advisor for Tata and Sons told Congenoff that there are three people who have a chance to be PM over the next 15-20 years -- Modi, Rahul Gandhi, and Mayawati. Modi, he believed, will get his shot as leader of the BJP. He has already proven that the events of Gujarat have been put behind him, even if Modi hasn't directly expressed this sentiment. With the rise of Muslim discontent and extremism in

MUMBAI 00000152 005.2 OF 005

India and its neighborhood, he said, the unfortunate corollary is that the majority of Hindu Indians will want a leader who will be tough in response. The Congress is perceived as weak on this issue. "As an educated Indian, I abhor what happened under Modi," he said. However, "India is a democracy and the leader of our country should be respected. If he becomes PM, keeping him as persona non-grata just won't stand." Commenting on the U.S. visa denial, he added, "If remorse is needed to get the U.S. to reverse its stand, then remorse should be negotiated. He can perhaps say that it should never happen again."

¶16. (SBU) Coalition politics will also be affected by the legacy of the 2002 violence. Ketkar explained that this legacy will complicate the formation of a government if regional coalition partners are needed, especially if those partners have Muslim populations. If the BJP comes to power under Advani, he said, the NDA's potential coalition partners would oppose Modi's move to the center as a minister or successor PM for fear that they will lose the support of minority voters in their constituencies, and polarize state politics.

Comment: Despite these challenges, can he become PM?

¶17. (SBU) While the hurdles listed above reflect a wide array of concerns and complications, not all are unique to Modi. However, the view from Western India is that his quest to be prime minister will be very difficult. In seeking to rule at the center, all parties will face caste, regional, and personality-driven challenges as part of the complicated mathematical formulae that Indian elections have become. Yet few politicians in India evoke the strength of feeling Modi does, and few exemplify the entwining of two major themes in modern India - communalism and economic development - as him. While many despise Modi and what he stands for, it is difficult to gauge how widespread these views are; many who might find his communalism distasteful also respect and appreciate his strong words on terrorism and his proven commitment to governance. Many point to the case of L.K. Advani, who has softened his

image as a Hindutva firebrand in recent years, including traveling to Pakistan and acknowledging regret for violence that followed the demolition of the Babri Masjid in Ayodhya. Modi has so far not expressed regret for the violence, and his supporters have argued that his focus on development is the keystone to his image softening. Nevertheless, should Modi wish to be seen as a statesman in the vein of Advani or former Prime Minister Vajpayee, and be more acceptable to potential coalition partners, he will likely have to do more to soften his image. As one journalist told Congenoffs, "despite aberrations, Indians are at heart a tolerant, open people, and will not support a leader for the country who has fostered hate. We need someone who unites, not divides." End Comment.

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